

I. INTRODUCTION

1. 1. The History of the Company

The name de Veranda itself was born in June 1st, 1999 before that it was known as de Bosrand. In the past de Bosrand was famous especially in area Buitenveldert. And de Veranda had developed and improved the place with new impressive outlook from the famous architect Kees Hageman. The name Veranda is chosen with special meaning, because Veranda has a normal function between a nice calm living inside and the busy hours from outside. Even though it was already famous in the area, it did not make the new owners to keep the same image. They try to settle the new image and the new quality of restaurant.

What do people expect about eating in cafés or restaurant in current days? If we talk about it, we go to café and restaurant to have a good meal and to have pleasant atmosphere. There is one place that can fulfill people's expectation about the restaurant or café, which is Restaurant café de Veranda. It is located in Amstelveenseweg 764, 1081 JK Amsterdam. It takes 15 minutes from the center of Amsterdam. You can easily go there by any public transportation such as bus, tram, metro, or taxi. If you want to go by bus, you can take bus no. 170 / 172 from central station and the bus will arrive exactly in front of the restaurant. So this is one reason why people choose to eat in de Veranda, just because of the strategic place. De Veranda has a unique design such as teakwood furniture, Italian Flagstones and paintings in the ceilings. De Veranda is a combination of Fine-dining Restaurant with a view to support the service. Restaurant café de Veranda is supported by Hi-tech equipment such as PDA (Personal Data Computer) for taking order (via Bluetooth), electronic sliding door, touch screen computer, Digital Lightning, LAN (Local Area Network) Computer, and others.

Restaurant café de Veranda is divided into Restaurant, Brasserie, Terrace, and four banquet rooms, which are: Zonnebloem, Kastanje, Wijnkelder, and Grote Zaal . Each room has different view, size, and purpose, it depends on what the guest wants. Sometimes it can be used for meeting, birthday party, wedding party, group dinner, promotion, or any special events. The Veranda's Restaurant has a

view of Amsterdam forest and the café Brasserie is designed in Mediterranean atmosphere and unique wine cellar where you could taste or have a private dinner. In the summer, de Veranda also has a beautiful terrace where people can enjoy the sunshine and the forest view while eating some delicious menu. They can just relax and have some warm conversation with their family or colleagues. When people come in de Veranda, first they will get a warm welcome by the reception or by the other employee so they will feel like eating in their own home.

De Veranda also has many kinds of food, beverages, and wines which you can choose one that you like and every week there will be a new menu for the appetizer, main course, fish, and dessert. So the guest will not be bored with the same menu. For the people who like to taste different kind of wines, de Veranda has many kinds of wines from the cheapest one until the expensive one. Every wine is saved in a special place (Wijnkelder) and guaranteed for its high quality. We've already talked about the unique architecture, the modern equipment, the good atmosphere, the strategic place, the warm service, and the fabulous and diverse quality of food and wine. Now what about the price? The price in de Veranda is very reasonable and reachable for everyone in different segment from bottom to middle (the café Brasserie) and middle up to up (the Restaurant and the banquet rooms).

So far dinner for the big groups and parties for the big companies are held in de Veranda. Based on the explanation above, the function of café Brasserie, Restaurant, and banquet rooms is increase every year. That is why we think it is important to create a good marketing, started internally from the employee to increase the service quality in de Veranda. The main reason is all the strengths of de Veranda will be useless if the quality of service is not excellent. If the guests are satisfied with the service, they will tell it to their families or colleagues and directly it creates a good marketing through " Word of Mouth ". Now Veranda has become one of the best restaurant cafés in Amsterdam and it makes the job getting harder. It has to keep the good quality and improve the product that can fulfill people's demand and globalization.

1.2. The Structure of Organization

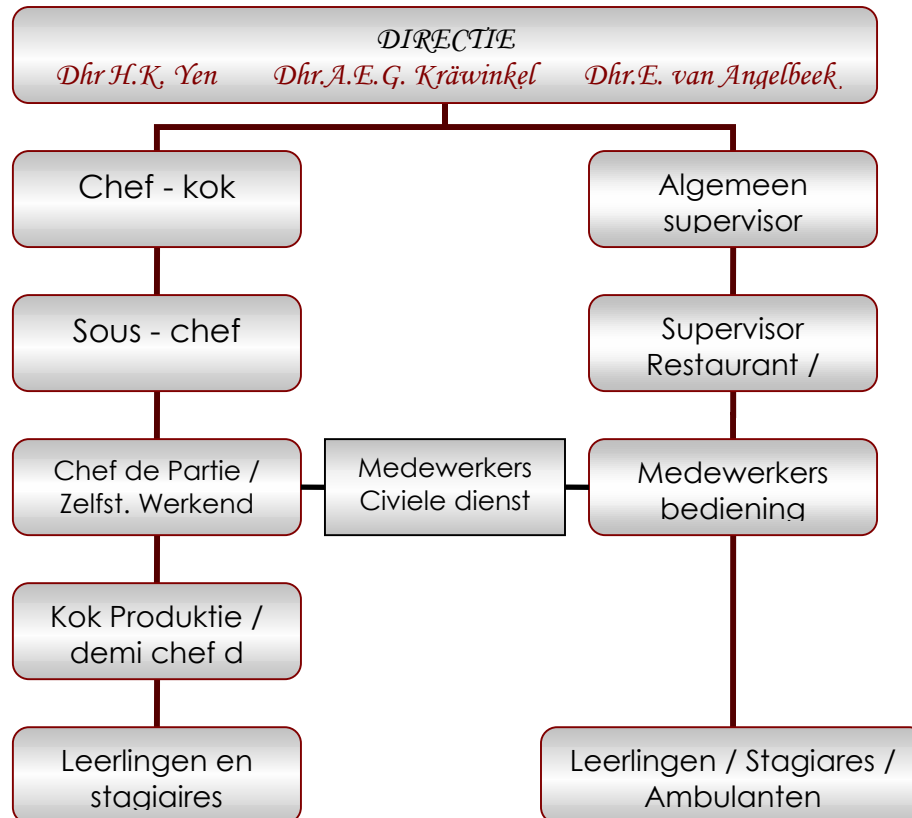


Figure 1.1. Structure Organization of de Veranda

Source : Restaurant Café de Veranda , 2005

1.3. The Introduction of Internal Marketing and Employee Empowerment

In every hospitality industry, the main point is the service quality. Everyone has a story to tell about the time he or she received poor service at a restaurant. If the employees do not perform to expectations, guests will not return. Marketing in the hospitality industries must be embraced by all employees; it cannot be left up to the marketing or sales department. Marketing should be part of the philosophy of the organization, and the marketing function should be carried out by all line employees. In manufacturing firms the marketing function is often carried out by a marketing department, since many employees do not interact with the customers. In service industries the line employees carry out the majority of the marketing function.

Managers must understand that bad service encounters receive more attention than good ones. When guests have been treated badly, they respond by talking about the incident. A study done by the Technical Assistance Research Program found that when people have a good experience, they tell five people. If they have a bad experience, they tell ten. Spreading positive word of mouth is difficult. A few negative stories can offset many good stories. The goal is to have every guest's expectations met or exceeded.

The good service can create the guest satisfaction. The good service can be created if the employee is satisfied. Unlike many manufacturing or administrative situations, the hospitality industry offers potential high levels of attachment to the work. Workers who live in or take meals on duty especially likely to feel closely involved with their workplace. Everyone rolled into one. It is not a job where you clock off and go home on Friday forgetting everything until Monday morning. The hospitality industry is unique, in that *employees are part of the product*.

Managers must make sure that employees know their products and believe that they are a good value. The employees must be excited about the company that they work for and the products they sell. Otherwise, it will be impossible for the guests to become excited. So it means that managers have to make a marketing program internally to the employees. Good internal programs create employee satisfaction, which in turn creates customer satisfaction. Thus, internal marketing has two benefits: customer satisfaction and employee satisfaction.

Citing a 1995 study by Forte Hotels in London, two U.K. researchers (Owen and Teare) state : “ Clearly, if staff are happy about what they and the company need to do in order to satisfy customers and are well trained and supported, they will, on average, remain with their employer three or four times longer than employees who feel less secure. “ Berry and Parasuraman state that interacting with frustrated and dissatisfied customers can deflate employee's enthusiasm for the job, decrease their commitment to the job, and result in increased employee turnover. These studies found there is a link between customer satisfaction employee satisfactions.

Good employees do not like dealing with unsatisfied customers. There is two-way relationship between customer satisfaction and employee satisfaction.

When customer satisfaction decreases, employee satisfaction decreases; however, when customer satisfaction increases, employee satisfaction increases.

There is also a relationship between quality and employee satisfaction. John Tschohl (a customer service consultant) states that “increased turnover should be considered a warning that a company may not be customer focused.” Some employees who leave companies do so because of the poor level of service being given to customers and the overall negative attitude of the organization. The research cited above supports the development of an internal marketing program. We must first market to the employees. Satisfied employees create satisfied customers. Employees enjoy working with satisfied customers; thus higher levels of customers’ satisfaction create higher levels of employee satisfaction. The human resource function and marketing are inseparable in hospitality industry. They must work together to create both satisfied employees and satisfied customers.

Marketers must develop techniques and procedures to ensure that employees are able and willing to deliver high-quality service. The internal marketing concept evolved as marketers formalized procedures for marketing to employees. Internal marketing ensures that employees at all levels of the organization experience the business and understand its various activities and campaigns in an environment that supports customer consciousness. The objective of internal marketing is to enable employees to deliver satisfying products to the guest. As Christian Gronroos notes:

“ The internal marketing concept states that the internal market of employees is best motivated for service-mindedness and customer-oriented performance by an active, marketing-like approach, where a variety of activities are used internally in an active, marketing-like, and coordinated way. Internal marketing uses a marketing perspective to manage the firm’s employees”.

The emphasis of internal marketing is on the employee as the customer and the job as a product. We can look up from this perspective, the job (or product) must satisfy the needs and wants and solve the problems of the employees (the customers). If this is not the case, we end up with dissatisfied customers (employees) who, in turn, will express, in one way or another, their

dissatisfaction to the paying customers. Paying customers, in turn, find that their problems are not adequately solved, so they go elsewhere. Clearly, this is not the way to create or keep customers.

What is practiced in the creation and keeping of customers of goods and services needs to also be practiced in the creation and keeping of employees? The elements of external marketing are just as appropriate and just as necessary in internal marketing. When we consider the tools of marketing such as segmentation, positioning, communication, product development, and research, we can see that they are just as essential to internal marketing as they are to external marketing.

As we segment customers according to needs and wants, so too should we choose employees. As we position a product to the marketplace, so too should we position the job to each employee. As we communicate with customers, so too must we communicate with employees. As we develop new products, so too must we develop new job methods, rewards, and satisfactions. And as we research consumers, so too must we survey our employees to determine needs, wants, and attitudes.

The quality of services depends in large measure on the skills and attitudes of the people producing the services. An acceptable product is necessary to appeal to the external market. The same is true of the internal market. Employees, an integral part of the product in hospitality, must also be marketing oriented. Unless a firm has something to offer to its employees, it should not expect marketing-oriented behavior.

Marketing can be used to attract, keep, and motivate quality personnel. Quality personnel will improve the capability of the firm to provide quality service. Understanding the simultaneous production and consumption nature of services is helpful in understanding how satisfied and motivated employees help to create and keep satisfied customers. Most hospitality companies are aware of this fact. Many of them conduct employees' courses in customer handling, including what trainees have dubbed "smile training". Smile training is not enough.

There is an inherent conflict between company policies and the ability of the employee to satisfy customers. The very nature of the service business implies that it is impossible to anticipate all the wants of customers and the resulting interaction between customers and employees. Obviously, there must be policies to guide employee actions, and no one is suggesting that there are easy solutions to these conflicts. But it is just as obvious that there must be flexibility. If we are going to sell the concept of customer satisfaction to employees, we must also sell to those employees the “right” to use judgments to achieve it instead of selling the job of internal marketing means selling the job of solving consumers’ problems. It is not uncommon to hear hospitality employees complain that “no one trusts you around here” or, “if you don’t do it by the book, you’ll get chewed out.” At the same time, they are told to smile and keep the customer happy. This is not good internal marketing and often results in failure to achieve the goals that management has established.

One of the problems faced by the branded hospitality businesses is that standardized and controlled approach, which has been at the heart of their success, restricts employee involvement and commitment. Increasingly these organizations recognize that this can cause customer service problems. Many of these organizations recognize also that true competitive advantage will only come from high-quality service experiences. Customers’ contacts with service employees and unit managers, therefore, play a crucial role. Because the service employee is involved personally in transactions with the guest, the employee usually comes to represent the operation to the guest. Managing is getting results through people, and that is doubly true of managing service. The tools that are being used to undertake this job at the company level are employee selection, training, motivation, and employee “award and reward programs”

To support all that tools in the internal marketing, we need some approach to make internal marketing works efficiently. The approach is employee empowerment. Providing it is done properly, employee and manager empowerment can help generate employee commitment, flexibility and authority to make decisions, and meet customer service needs in a controlled manner.

Fundamentally, successful empowerment depends on the supposedly empowered person feeling *empowered*.

Empowerment is a term with several meanings and which reflects various managerial intentions resulting in different forms of empowerment and changes to what the empowered person can now do. Some people say that empowerment is democratic and is a move in managerial intentions from *concern for control of employees* to *concern for employee commitment*. Many managers are critical of empowerment because they fear empowerment means a loss of managerial control. Empowerment is concerned with both employee control and commitment. Contrary to popular management mythology, empowerment is not about industrial democracy or extending workers' control.

Although the empowerment of employees recognizes the importance of employee performance in service delivery and is concerned to ensure greater commitment and involvement in service delivery, employees are generally empowered within defined boundaries. Usually empowerment is restricted to empowerment to the service tasks, or how service tasks are organized. Whatever the nature of the changes to working arrangements-empowerment must result in people 'feeling empowered'. In other words, empowerment produces in emotional state.

Empowerment is a management policy that aims to encourage employees to control their own performance to meet business goals. Empowerment is motivational and originates in people's internal needs for power and control, and feelings of personal effectiveness. There are so many kind of employee empowerment but there must be a good cooperation between the companies, manager, employees. When employee empowerment can be done in a right way, all of the elements of service system from the company, the employees, and the customers will achieve their goals. Firstly the manager must consider the employees' needs and expectations. Every people have different needs and expectations but basically they have the same way. Each customer has needs and expectations, so do the employees. When one side is not fulfilled, so the other side will be the same.

It is important to understand and appreciate the needs and expectations of the customers and employees because they are the fundamental elements of service system. To make employee empowerment works effectively, the employees' needs and expectations must be fulfilled. So when the needs and expectations have been fulfilled, it can result to the employees' motivation, job satisfaction, and performance. The nature of the people-organization relationship is influenced by what motivates staff to work and the satisfaction they derive from it. Managers achieve results through the efforts and performance of other people. The ability to motivate staff to work willingly and effectively is an essential ingredient of successful management.

1.4. Purpose Statement

The purpose of this study to observe, describe and give understanding that Internal Marketing which is Employee empowerment can be one of promotion tools in marketing strategy. The writers also want to show that good employee empowerment can increase the quality service.

1.5. Problem Statement

What is the Employee Empowerment that is used by Restaurant café de Veranda? And how does the influence of the empowerment can used be as a marketing tool?

1.6. Delimitation

At the beginning, this thesis confines to observe the employee's empowerment which is used in this restaurant, and how it affects to the employee's performance.

1.7. Limitation

This thesis is part of traineeship of one year (48 weeks). During the limitation of time and limitation of authority in collecting data, the writers will try to give the information about the impact and influence on applying Employee empowerment especially in delivering standard service to the guest. Since the fact always have differences with theories, there will be a possibility that this thesis is

using a mixture between theory and reality. In this qualitative study, the findings can be subject to my interpretation. Further, subject related about psychological point of view. Most of the points will talk about human feelings, needs and wants.

The writers have some difficulties in retrieving data

1. Company Policy:

The writers face some boundaries / limitation in collecting data from company such as: the salary of each level management, the formula from service tip distribution / month ,etc.

The solution: We will try to separate and collect data which are appropriate with company policy and which are not.

2. Personal Emotion:

In interviewing, the writers sometimes face unrepresentative data because some informant uses personal emotion to express their answers.

The solution: We will give the same questions to each informant and select the data / information from the informants which are relevant to the thesis

3. Lack of Time:

The writers have to face the lack of time limitation, especially to get the approval from the company.

The solution: We will do our observation and make our thesis first and after that we will ask for the approval from the company.

1.8. Significance of the Study

The importance of analyzing the influence of employee empowerment is how the management can apply a good and suitable company policy regarding the employee needs and wants. So that the study will be:

- The employee empowerment is important to be applied in every hospitality industry (in this subject is Restaurant).
- Help the management to find suitable employee empowerment and implement it.
- Identify employee needs and wants in doing the job (serving guests)
- Identify and describe the employees' job function to support the main goal of the organization.

- Develop existence of the current empowerment policy.

1.9. Research Questions

The writers use some “**Research Questions**” as guidance during making this thesis. Below are the questions:

1. What is Quality Service?
2. Where can Quality Service be applied?
3. When is Quality Service needed?
4. Why is Quality Service very important in Hospitality Industry?
5. What are the fundamental elements of the service system?
6. Who are involved in Quality Service?
7. How to make a good Service Quality in Hospitality Industry?
8. How can they differentiate their superiority from their competitors based on Service Quality?
9. Why is it important to have a company policy where everyone is focused on serving the customer?
10. How can they create the image of being an excellent service provider?
11. What is Internal Marketing?
12. What is the concept of Internal Marketing?
13. Why Internal Marketing becomes an important part of the marketing program?
14. What is the relationship between Internal Marketing and Service Quality?
15. Who involved in Internal Marketing?
16. How to implement an Internal Marketing program?
17. What is Employee Empowerment?
18. How to create Employee Empowerment?
19. How is the process of Employee Empowerment?
20. What are the benefits of applying Employee Empowerment?
21. What are the employees’ needs and expectations related to customer service needs and expectations?
22. How to make Employee Empowerment works effectively and suitable?

1.10. Research Methodology

1. Interview

It was done to a certain people who are assumed representing the restaurant, in this case are the managers of “Restaurant café de Veranda”

2. Collecting data and literature review.
3. Observation around the place and location.
4. Analyzing the questionnaire.